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SUBJECT: FUNES INAUGURAL ADDRESS PROMISES RELIEF FOR POOR,
HARSHLY CRITICIZES ARENA

¶1. (U) Summary: Mauricio Funes, of the left-wing FMLN, was sworn in as President of El Salvador on Monday, June 1. Addressing a full house of invited heads of state and government, foreign ministers, diplomats, local dignitaries, and the public, Funes announced plans for an ambitious program of "social protection" and hinted at measures to address the current financial crisis. Funes also bitterly criticized his ARENA predecessors, claiming that their "corruption," "complicity with organized crime," and "inadequate decisions" were the cause of El Salvador's many social and economic problems. He repeated a line from his campaign that identified Presidents Lula and Obama as models for his style of governance. End summary.

¶2. (U) Mauricio Funes' and Vice President Salvador Sanchez Ceren's inauguration took place before a capacity crowd at San Salvador's International Fair Grounds. Heads of state in attendance included, among others, Brazilian President Luiz Inacio "Lula" da Silva, Chilean President Michelle Bachelet, Colombian President Alvaro Uribe, Panamanian President Martin Torrijos, Taiwanese President Ma Ying-jeou, and the Cuban Vice President. Secretary Clinton headed the U.S. delegation. After a ceremonial opening, President Funes and Vice President Salvador Sanchez Ceren were sworn in by the President of the Legislative Assembly.

¶3. (U) As was to be expected, Funes was enthusiastically received by the largely pro-FMLN crowd. Brazilian President Lula received the warmest ovation from the Salvadoran crowd, which also cheered loudly for the Cuban Vice President and Ecuadorian President Correa. Some of the audience booed Colombian President Uribe's entrance, and large numbers chanted on various occasions the time worn slogan "el pueblo unido, jamas sera vencido" (the people, united, will never be defeated). To be fair, Funes' mention of Secretary Clinton's presence at the ceremony also generated significant applause.

¶4. (U) Funes' remarks were equal parts promises of improved social services for the poor, mixed with vitriolic criticism of his ARENA predecessors. The majority of his remarks were centered around programs to generate temporary jobs and to improve access to basic social services, as well as unspecified measures to mitigate the Salvadoran government's ongoing financial crisis. The gist of Funes' message was that he intends to "reinvent" the country with a national development project that will enable the Salvadoran government to address long-standing social problems as well as to "overcome" the current economic crisis. Afterwards Charge asked new Finance Minister Carlos Caceres where he would find the money for all the new programs. Answer: more efficient collection of taxes and enforcement of laws against tax evasion.

¶5. (U) Funes' inaugural address also contained bitter criticism of previous conservative ARENA governments. Characterizing the past two decades of ARENA's stewardship of El Salvador as "a time of impunity," Funes chastised ARENA as an "elite" which governed the country for their own selfish

purposes through a network of "nepotism" and insider deals. Funes accused previous ARENA presidents of having been "complicit in corruption" and "complicit in organized crime." He also alleged that previous ARENA governments made "inadequate decisions" in the face of the current economic crisis, and that "the leading elite," rather than the Salvadoran public, are responsible for the country's current economic and fiscal difficulties. Funes went on to conclude that previous ARENA governments effectively encouraged Salvadorans to "seek opportunities in the U.S." rather than attempt to improve conditions at home.

¶6. (U) In his closing remarks, Funes announced that El Salvador had officially re-established diplomatic relations with Cuba, something Funes' incoming Foreign Minister had previewed for us a week before. Identifying Presidents Obama and Lula as "examples" that he hoped to emulate, Funes called for "national unity" to "overcome the syndrome of victimization" and "preconceptions" which have prevented El Salvador from making progress.

¶7. (SBU) Comment: Funes' inaugural address was well-received by the partisan crowd in attendance, and generated sympathetic media coverage nationwide, even in the heretofore pro-ARENA major dailies. The social agenda he outlined is consistent with his campaign proposals and with comments we have heard from his transition team. His overt criticism of previous ARENA Presidents, coupled with blunt accusations of corruption, were surprisingly harsh for an inaugural address. Funes' comments were also at odds with his closing calls for national unity, as well as the tone of his acceptance speech on March 15. Not surprisingly, ARENA pushed back, with a public interview by former President Cristiani (1989-94) and

a full page paid advertisement in newspapers June 2 defending ARENA's record. In the coming weeks Funes will need to focus on building coalitions and balancing competing interests if he is to come to terms with the difficult task of governing El Salvador. End comment.

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